

THE CORPORATION LAW  
of the  
CENTRAL CHINA DEVELOPMENT COMPANY

CHAPTER ONE

- ARTICLE 1. The Central China Development Company is a joint-stock company and it aims at promoting the economic restoration and development in Central China. The main office shall be located in Shanghai.
- ARTICLE 2. The capital of the Central China Development Company shall be 100,000,000 yen and increase of the capital shall be allowed under the Government permission.
- ARTICLE 3. a. The Government should invest more than half the capital in the company. The Government is allowed to invest with its properties instead of cash.  
The paying in of Government-owned shares may be different from that of other shares.
- b. The Government may pay in with its properties at the second call and thereafter.
- c. In case the Government invests its properties instead of cash based on Clause 2, Article 3, the assessment of the properties and the number of shares to be given for the investment shall be decided by the meeting of the Government-Invested Properties Assessment Committee, and in case the Government pays in with properties instead of cash based on the above provision, the value of the properties shall be decided by the meeting of the Government-Invested Properties Assessment Committee.
- ARTICLE 4. In case the shares owned by the Government exceed the shares owned by others, the Government may not exercise the right of decision on that excess.
- ARTICLE 5. The shares of the Central China Development Company shall be all inscribed stock.
- ARTICLE 6. Other corporations than the Central China Development Company shall not use that or similar trade name.
- ARTICLE 7. The change of the charter of the company shall be possible with the decision of the majority of voting rights of shareholders.  
The number of the voting rights which cannot be executed according to the regulation Article 4 shall not be counted among the number of the aforementioned voting rights.

CHAPTER TWO

Officers.

- ARTICLE 8. The company shall have one president, one vice-president, more than 3 directors and more than 2 inspectors.
- ARTICLE 9. The president shall represent the Central China Development Company, and preside over its business.  
The vice president shall act in behalf of the president in case the president is prevented from discharging his duties and shall discharge the president's duties in case the presidency is vacant. The vice president and the directors shall assist the president, and share or participate in the business of the Central China Development Company, as stipulated in the articles of incorporation.

The inspectors shall inspect the business of the Central China Development Company.

ARTICLE 10. Through Imperial sanction, the president and vice president shall be appointed by the Government and the term of their service shall be 5 years. The directors shall be elected at the general meeting of shareholders and they shall be sanctioned by the Government.

The term of their office shall be 4 years. The inspectors shall be elected at the general meeting of the shareholders and the term of office shall be 3 years. In case of vacancies in the directorate or the inspectorate following the expiration of the term of their service may be prolonged as provided by the charter.

ARTICLE 11. The president, the vice president and the directors who take a part of the business, shall be forbidden to engage in other commercial business or occupation except under the Government permission.

#### CHAPTER THREE Business.

ARTICLE 12. a. The Central China Development Company shall invest or supply funds to the undermentioned enterprises.

- A. Traffic and transportation enterprises.
- B. Communication enterprises.
- C. Electric, gas, and water service enterprises.
- D. Mining enterprises.
- E. Marine products industry enterprises.
- F. Other necessary enterprises to promote the public interests and industrial development in the Central China.

Under special circumstances, the Central China Development Company shall be able to manage the said enterprises by itself under the Government permission.

b. The Central China Development Company, when ordered as provided in Clause 2, Article 23, may engage in business necessary for carrying out the said order, as well as the business mentioned in the above clause.

#### CHAPTER FOUR

The loan bonds of the Central China Development Company.

ARTICLE 13. The Central China Development Company shall be able to float loans for the Central China Development within the limits of ten times the amount paid up of the company shares.

In case of issuing loan bonds, it is not necessary to base on the decision of the commercial code No. 343.

With a view to conversion of the bonds of the Central China Development Company, the Company shall be able to issue temporarily the bonds of the Central China Development Company despite the limits of the aforementioned clause. In this case the Company shall repay the old bonds of the amount equivalent to the new bonds amount within after issuing new bonds.

ARTICLE 14. In case of floating loans, the Government permission shall be required.

- ARTICLE 15. The Government shall give security for payment of loans, principle and interest.
- ARTICLE 16. The stockholders shall have the privilege to be paid on their credit of the Central China Development Company prior to other creditors.

#### CHAPTER FIVE

##### The Reserve Fund

- ARTICLE 17. With a view to covering the deficit of the capital, the company shall save up more than 10% of net profit and 2% for taking the average of the dividends in every fiscal year.

#### CHAPTER SIX

##### The Government Supervision and Assistance for the Company

- ARTICLE 18. The Government shall supervise the business of the Central China Development Company.
- ARTICLE 19. The Central China Development Company must have loan of money under the Government permission.
- ARTICLE 20. The change of the charter of the company, and company annexation and liquidation shall come into effects only under the Government permission.
- ARTICLE 21. Without the government permission, the company shall not dispose of its profits.
- ARTICLE 22. Deciding the plans of investment, accommodation and self-supporting enterprises of each fiscal year, the company should suggest them to the government by one month in advance and get the government permission. The same case applies to the change of important plans.
- ARTICLE 23. A. Pertaining to the business of the Central China Development Company, the Government may issue orders necessary for supervision, national defense, and public interest or promotion of industries in Central China.
- In case the Government issues orders necessary for national defense as provided in the above clause, the Government shall compensate the loss arising therefrom according to the Imperial Ordinance.
- The above mentioned orders accompanying possible compensation shall be issued so that the sum total of the compensation necessitated thereby shall not exceed the amount approved by the Diet.
- B. The Government may order the Central China Development Company to invest in, supply funds to, and lend facilities to, enterprises necessary for the execution of the Greater East Asia War, and conduct other business necessary for the promotion for the said enterprises.
- Provisions in the second and third paragraphs of Clause A above shall also apply to Clause B of this article.
- ARTICLE 24. The Government shall appoint the supervisor to the company to inspect the business of the company. The supervisor shall be able to inspect the safe, account books and other documents of the company at any time.

If necessary, the supervisor may attend the general meeting of shareholders or other meetings and state his opinion.

ARTICLE 25. In case resolutions of the Central China Development Company, and its officials' actions are regarded by the Government as violating legislation or action taken on the basis of legislation or its charter, the Government may cancel the Company's resolutions or dismiss the said officials.

ARTICLE 26. The payment of the dividend for the Government shares shall not be necessary in case the is not sufficient to pay 5% of the amount paid up of other shareholders in each fiscal year.

ARTICLE 27. In case the percentage of the company's receipts from its investments, loans advanced, and enterprises, conducted on its own account, for every business year, to the total amount of its investments, loans advanced and capital invested in the enterprises, conducted on its own account, (called receipt percentage hereunder), fails to reach 6 percent per annum, the Company shall be subsidized by the Government for its deficit within the total sum of the following items up to its 12th business year until its profits available for dividend to the shareholders except the Government reach 6 percent per annum of their paid-in subscriptions to the Company's capital stock.

1. The sum to be obtained by multiplying the subscriptions of the shareholders except the Government to the Company's capital stock, spent in the Company's investments, loans advanced and enterprises conducted by the Company on its own account, with the difference of 7/100 minus receipt percentage.
2. The sum to be obtained by multiplying the proceeds from the Company's debentures (including their advances as hereunder) spent in the Company's investments, loans advanced and funds for those enterprises conducted on its own account, with the difference of 5/100 minus the receipt percentage.

In case the Company's profits available for dividend for every business year exceeds 6 percent per annum of the paid-in subscriptions of the shareholders except the Government to the Company's capital stock, the excess shall be appropriated toward the redemption of the above-mentioned subsidies.

The method of computation in connection with the Company's receipts from its investments, loans advanced, and the enterprises conducted on its own account, the sum total of its investments, loans advanced and funds of the enterprises conducted on its own account, and that part of them, which constitutes the paid-in subscriptions of the shareholders except the Government to the Company's capital stock, mentioned under Item I, and that part of them which constitutes the proceeds from the Company's debentures shall be fixed by order.

ARTICLE 28. In case the Company's profits available for dividend for every business year exceeds 6 percent per annum of the paid-in subscriptions of the shareholders except the Government to the Company's capital stock and in case the Company intends to declare dividend to the shareholders except the Government at the rate of more than 6 percent per annum, the rate of



dividend to the shareholders except the Government and to the Government shall be 1 to 5 until a unified rate of dividend is reached for both the shareholders except the Government and the Government itself.

#### CHAPTER SEVEN

##### Penal Regulations.

- ARTICLE 29. In case the Central China Development Company violates the present law, orders or action based on the present law, the president of the Company or its vice-president who acts for him shall be fined not less than 100 yen and not exceeding 2,000 yen. The vice-president and directors shall be likewise fined, in case the said matter is in their charge.

#### SUPPLEMENTARY PROVISIONS

- ARTICLE 30. The regulation of the company shall come into effect from its publishing day.
- ARTICLE 31. The Government shall appoint the Organizing Committee and have them deal with the affairs concerning the establishment of the Central China Development Company.
- ARTICLE 32. The committee of establishment should make the memorandum and get the Government permission.
- ARTICLE 33. After the aforementioned Government permissions, subtracting the number of shares apportioned to the Government from total shares, the committees of the company establishment should offer stocks for subscriptions.
- ARTICLE 34. The regulation items, based on the commercial code, Article 126, clause 2, No. 2, No. 4 and No. 5, and the date of the charter permission shall be described in the share application form.
- ARTICLE 35. In case the subscription list is closed, the Organizing Committee shall refer the applications for subscription to the Government for examination.
- ARTICLE 36. After receiving aforementioned investigation, the committees should have shareholders pay the first time payment. After ending the aforementioned payment, the committee should hold the organization general meeting without delay.
- ARTICLE 37. The directors and the inspectors, based on Article 10, shall be elected at the organization general meeting.
- ARTICLE 38. In case of the end of the organization general meeting, the committee should hand over business to the president of the Central China Development Company.
- ARTICLE 39. For the purpose of subscribing to the capital stock of the Central China Development Company, the Government may transfer its property items without compensation from the Imperial Railway Special Account to the Government's Subscription Special Account for custody.